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VIA ECF

Hon. Valerie Figueredo
United States District Court
Southern District of New York
500 Pearl Street
New York, New York 10007

June 26, 2023

Re: *Baliga, et al. v. Link Motion Inc., et al.*, 1:18-cv-11642-VM-VF (S.D.N.Y.)

Dear Judge Figueredo,

We write on behalf of Robert Seiden in his capacity as the Court-appointed temporary receiver (“Receiver”) over Link Motion Inc. (“LKM”) in advance of the hearing scheduled for June 27, 2023 in response to defendant Vincent Shi’s letter of June 20, 2023, *see* ECF 439, concerning a purported legitimate reason for the nearly \$89 million in unauthorized transfers out of LKM subsidiary NQ Infinity’s bank account between May and November 2019—*after* the appointment of the Receiver and without the Receiver’s knowledge or approval.

In his June 20 letter, Shi alleges that the NQ Infinity bank account (from which the \$89 million in transfers were made) was pledged to China Merchants Bank (CMB) pursuant to a May 28, 2018 pledge agreement between NQ Infinity and CMB and that CMB “received the funds in that account as repayment for the loan.” ECF 439 at 1. The documentary evidence refutes Shi’s contentions.

The NQ Infinity bank account statements that Receiver previously submitted to this Court showed that the \$89 million was actually transferred to NQ Mobile, another LKM subsidiary, *not* CMB. *See* ECF 239. Moreover, the Receiver’s agent in China, Guo, subsequently obtained control over NQ Mobile and obtained its bank account records. NQ Mobile’s bank records show \$89 million in incoming transfers from NQ Infinity, but also show that over 90% of these funds – approximately \$82 million – ***was immediately wired from NQ Mobile to Zhejiang Xinbao Technology Co., Ltd., an entity that has since been dissolved and is tied to a convicted criminal.*** *See* ECF 443-7 ¶¶ 36-38 and Exs. 13 and 14; *see also* ECF 161 at 5-53. The records do not show any funds sent to CMB from either NQ Mobile or NQ Infinity. A chart showing the flow of funds is attached to this letter as Exhibit A.

Significantly, Shi previously produced a purported May 2019 email exchange from CMB notifying LKM that the payment due date was upcoming. *See* ECF 159-3. Notably, that email demonstrates that Shi—unlike Receiver—still had access to NQ Infinity emails, ***yet Shi did not produce any email from CMB confirming receipt of any loan repayment.*** Moreover, the email Shi produced included wire instructions listing a recipient account at Bank of America, *not* with

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CMB, and for payment in full. *Id.* at 3, 8. None of Shi's assertions provides a credible explanation for the ultimate whereabouts of the \$89 million in missing funds that the Receiver has identified.¹

The Receiver further refers the Court to its prior submissions on this issue, including ECF 161 and 239 at 8-9, and is prepared to address this matter at tomorrow's hearing.

Respectfully submitted,

/s/ Jennifer Blecher
Jennifer Blecher

¹ Further, Shi contends that the NQ Infinity account was pledged to CMB pursuant to a May 2018 pledge agreement that was entered into "as security for a loan used to repay LKM's 4.00% Convertible Senior Notes due October 15, 2018." This assertion is belied by the pledge agreement itself (ECF 439-1) and the LKM 20-F referenced in Shi's June 20 letter. The 20-F states that the convertible senior notes were actually paid off in October 2016. *See* ECF 229-7 at 68. Shi nowhere explains how a pledge agreement entered into 18 months later could possibly be related to the convertible notes. In any event, as explained above, the relevant bank account records show no money flowing to CMB from the NQ Infinity account.